MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2022/2023

PMA0064– ESSENTIALS OF MANAGEMENT ACCOUNTING

2 OCTOBER 2023
9.00 a.m - 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** pages (excluding the cover page) with 4 questions only.

2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Write your answers in the answer booklet provided.

Question 1

The following is the estimated cost for Nazhan Ltd. There are two operational division namely M1 and A1, and two support divisions namely X1 and X2.

	Total RM	M1 RM	A1 RM	X1 RM	X2 RM
Direct material		6,000	10,000	2,000	4,000
Direct expenses		10,000	15,000	10,000	6,000
Indirect material		34,000	42,000	22,000	12,000
Depreciation of factory machine	160,000				
Power	280,000				
Insurance of factory machines	84,000				
Depreciation of factory	200,000				
Management bonus payment	100,000				

Additional information:

	M1	A1	X1	X2
Floor area (square meters)	2,000	4,000	2,000	2,000
Number of employees	70	40	60	30
Kilowatt hours	6,000	2,000	2,000	4,000
Value of machines (RM)	60,000	100,000	200,000	40,000
Value of factory (RM)	360,000	230,000	110,000	100,000
Machine hours	20,000	40,000		
Labour hours	40,000	60,000		
Service hours	4,000	6,000		

X2 supports the three divisions M1, A1 and X1 based on a ratio of 5:3:2 respectively. X1 services the two operational divisions based on service hours.

At year end Nazhan Ltd. reported the below actual production information:

	M1	A1
Production overhead	RM850,000	RM560,000
Machine hours	22,000	42,000
Labour hours	52,000	12,000

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Required

a) Calculate overhead absorption rates (OAR) for the operational division using the following bases of apportionment:

i) Rate per labour hour for M1.

ii) Rate per machine hour for A1. (21 marks)

b) Determine if it is over or under absorption for the operational divisions. (4 marks)

(Total 25 marks)

Question 2

Aditya Private Limited manufactures space engines. The company has two processing divisions namely Heating and Compressing. Information related to Compressing for the month of December 2022 is provided as below:

Units completed and transferred in from Heating division	50,000
Total costs of transferred in from Heating division	RM380,000
Costs added to production during the month:	
Direct material cost	RM502,480
Direct labour cost	RM320,000
Manufacturing overheads	RM180,000
Work in process, 31st December 2022:	
Units in process	4,000
Percentage of completion with respect to direct materials	90%
Percentage of completion with respect to labour cost	70%
Percentage of completion with respect to manufacturing overheads	60%

a) Calculate the total equivalent units for transferred in, direct materials, labour cost and manufacturing overheads. (4 marks)

b) Calculate the cost per equivalent unit for transferred in, direct materials, labour cost and manufacturing overheads. (4 marks)

c) Calculate total cost per completed unit. (5 marks)

d) Calculate the cost of completed production. (3 marks)

e) Calculate cost of ending work in process inventory. (9 marks)

(Total 25 marks)

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Question 3

Shariz Electronics uses activity-based costing to assign manufacturing overhead costs to their products. The following information has been allocated.

Activity cost pool	Cost driver	Cost (RM)
Product reengineering	Number of product re-engineering notices	260,000
Factory power	Kilowatt hours	40,000
Material storage	Direct material cost	82,000
Shipping	Number of shipments	26,000

There are 3 types of electronic devices produced by this company: Z1, Z2, and Z3. Direct costs and cost driver activities for the three products are stated below:

Details	Z1	Z2	Z3
Direct labour cost (RM)	20,000	7,000	22,000
Direct material cost (RM)	24,000	12,000	14,000
Number of shipments	40	20	20
Kilowatt hours	3,000	4,000	3,000
Product reengineering notices	8	10	4

Required

a) Compute the activity cost driver rate. (4 marks)

b) Compute total product cost of Z1, Z2 and Z3. (21 marks)

(Total 25 marks)

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Question 4

CBA firm manufactures and sells product A. The information about product A as follows:

	RM
Selling price per unit	40
Variable manufacturing cost per unit	10
Variable selling and administration cost per unit	8

Details for the month of October and November are as follows:

	October	**November**
Production of A	750 units	1,000 units
Sales of A	600 units	1,100 units
Fixed manufacturing overhead	RM6,400	RM6,400
Fixed non-manufacturing cost	RM2,500	RM2,500

The normal production of product A is 800 units per month.

a) Calculate production cost per unit using absorption and variable costing method (1 mark)

b) Prepare the Statement of Profit or Loss and Other Comprehensive Income for the month of October and November based on absorption costing method. (13 marks)

c) Prepare the Statement of Profit or Loss and Other Comprehensive Income for the month of October and November based on variable costing method. (11 marks)

(Total 25 marks)

The End of Paper